

**NORTHWEST KANSAS
TECHNICAL COLLEGE**

Goodland, Kansas

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
June 30, 2011**

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Table of Contents

	Page Number
Board Members	2
Independent Auditor's Report	3
Management's Discussion and Analysis	4
Basic Financial Statements:	
Statement of Net Assets	10
Statement of Revenues, Expenses, and Changes in Net Assets	11
Statement of Cash Flows	12
Notes to Financial Statements	14
Combining Statements for Major Funds	
Statement of Net Assets	23
Statement of Revenues, Expenses and Changes in Net Assets	24
Statement of Cash Flows	25
Combining Statements for Nonmajor Funds	
Combining Statement of Net Assets	26
Combining Statement of Revenues, Expenses, and Changes in Net Assets	27
Statement of Cash Flows	28
Schedule of Expenses by Function and Object	29
Federal Awards Section:	
Schedule of Expenditures of Federal Awards	30
Report of Independent Certified Public Accountants of Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	31
Report of Independent Certified Public Accountants on Compliance with Requirements That could Have a Direct and Material Effectr on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	33
Schedule of Findings and Questioned Costs	35

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

AREA BOARD OF CONTROL

Officers

Frank Otter
Richard "Dick" Short
Bruce Buck
Tony Bremenkamp

Chairman
Vice-Chairman
Secretary
Treasurer

Committee Chairmen

Clair L. Legere
Carol Laws
Billi Beckman
Paul Bruggeman
Dan Wasson

Building and Grounds
Curriculum
Faculty
Public Relations
Student Welfare

AREA ADVISORY BOARD

Frank Otter, Chairman
Arlie Archer
Randy Balluch
Billi Beckman
Tony Bremenkamp
Paul Bruggeman
Bruce Buck
Tom Button
Belinda Preston
Myra Douthit
Mark Davis
Carol Laws

Clair L. Legere
Bill Miller, Jr.
Dan Welsh
Giovani Cassi
Chris Schmidt
Sheila Selensky
Richard "Dick" Short
Matt Lampe
George Schmidt
Stewart Stabel
Alan Suter
Dan Wasson

PRESIDENT

Dr. Ed Mills

President

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Northwest Kansas Technical College
Goodland, Kansas

We have audited the accompanying financial statements of the business-type activities of Northwest Kansas Technical College, Goodland, Kansas as of and for the year ended June 30, 2011, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Northwest Kansas Technical College, as of June 30, 2011, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2011 on our consideration of Northwest Kansas Technical College's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's financial statements taken as a whole. The additional schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The schedules listed in the table of contents and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Agler & Gaeddert, Chartered

Ottawa, Kansas
November 9, 2011



THIS PAGE LEFT INTENTIONALLY BLANK

NORTHWEST KANSAS TECHNICAL COLLEGE

Management's Discussion and Analysis (MD&A)

June 30, 2011

INTRODUCTION

Our discussion and analysis of Northwest Kansas Technical College (College) financial performance provides an overview of the College's financial activities for the fiscal year ended June 30, 2011. Since this management's discussion and analysis is designed to focus on current activities, resulting change and currently known facts, it should be read in conjunction with the College's financial statements, which follow this section.

USING THIS ANNUAL REPORT

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, issued June 1999; and GASB Statement No. 37, *Basic Financial Statement – and Management Discussion and Analysis – for State and Local Governments: Omnibus*, an amendment to GASB Statement No. 21 and No. 34, issued in June 2001. This financial statement format (implemented in the fiscal year ended June 30, 2004) focuses on the College as a whole.

The financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus on the Statement of Net Assets is designed to be similar to bottom line results for the College. This statement combines and consolidates current financial resources (short-term spendable resources) with capital assets. The Statement of Revenues, Expenses, and Changes in Net Assets focuses on both the gross costs and the net costs of College activities, which are supported substantially by state aid, state and federal grants, student tuition and fees and auxiliary enterprises revenues. This approach is intended to summarize and simplify the user's analysis of the cost of various College services to students and the public.

FINANCIAL HIGHLIGHTS

- ❑ Total net assets were \$13,548,314 at June 30, 2011. This was an increase of \$461,206 (3.7%) over the prior year. This increase was primarily due to careful monitoring of expenses and some fee increases.
- ❑ Overall revenues were \$6,785,280 which exceeded expenses of \$6,324,076 by \$461,204.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the College. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ❑ **Government-wide financial statements**, which comprise the first three statements, provide both short-term and long-term information about the entity's overall financial position.
- ❑ **Fund financial statements** focus on reporting the individual parts of the College operations in more detail. The fund financial statements are presented as supplementary information.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of supplementary information that further explains and supports the financial statements.

NORTHWEST KANSAS TECHNICAL COLLEGE
Management's Discussion and Analysis (MD&A)

June 30, 2011

Government-Wide Statements

The government-wide statements report information about the College as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the College's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The government-wide statements report the College's net assets and how they have changed. Net assets, the difference between the assets and liabilities, are one way to measure the College's financial health or position.

- ❑ Over time, increases or decreases in the College's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- ❑ To assess the overall health of the College, one needs to consider additional non-financial factors such as changes in enrollment, changes in program funding by the Federal and State governments, and condition of facilities.

The government-wide financial statements of the College include all activities. The College's basic services are included here, such as regular education, food service, housing, maintenance, and general administration. Tuition, state aid and federal and state grants finance most of these activities.

Fund Financial Statements

- ❑ The fund financial statements provide more detailed information about the College's most significant funds -- not the College as a whole. Funds are accounting devices that the College uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law. The Area Board of Control establishes other funds to control and manage money for particular purposes or to show that the College is meeting legal responsibilities for using certain revenues.

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Assets

The College's combined net assets were \$13,045,887 at June 30, 2011. See Table 1.

NORTHWEST KANSAS TECHNICAL COLLEGE
Management's Discussion and Analysis (MD&A)

June 30, 2011

Table 1 -- Net Assets

	2011	2010	2009
Assets			
Cash	608,108	1,775,129	1,518,827
Accounts Receivable	143,989	37,293	8,891
Inventories	207,116	230,265	184,490
Inter Fund Receivables	0	0	32,893
Time Deposits	5,587,182	4,243,460	4,264,719
Construction in Process	51,877	0	272,089
Capital Assets, Net of Accumulated Depreciation	6,950,042	6,803,176	6,294,206
TOTAL ASSETS	13,548,314	13,089,323	12,576,115
Liabilities			
Deposits	23,400	27,630	18,630
Accounts Payable	50,567	22,552	126,035
Due to agencies	6,206	0	0
Due to club accounts	21,147	21,921	32,263
Capital lease - current	42,869	32,842	0
KBOR Infrastructure Loan -current	54,568	54,569	54,568
Deferred revenue	28,030	42,571	29,509
KBOR Infrastructure Loan - L/T	229,538	267,475	203,661
Capital lease - L/T	46,102	35,082	0
TOTAL LIABILITIES	502,427	504,642	464,666
Net Assets			
Invested in Capital Assets, Net of Related Debt	6,628,842	6,803,176	6,294,206
Unrestricted	6,417,045	5,781,505	5,817,243
TOTAL NET ASSETS	13,045,887	12,584,681	12,111,449

This schedule is prepared from the College's Statement of Net Assets, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Changes in Net Assets

The College's total revenues were \$6,785,280. A majority of the revenue comes from state aid (40.6%). Federal and state grants and contracts accounted for another 15.2% of total revenues.

The total cost of all programs and services was \$6,324,076.

NORTHWEST KANSAS TECHNICAL COLLEGE
Management's Discussion and Analysis (MD&A)

June 30, 2011

The College's expenses are predominately related to educating and caring for students (57.25%). Administrative activities accounted for just 13.36% of total costs. The remaining expenses were for plant services (maintenance and operations), ancillary services, and other outgo.

Table 2 --Changes in Net Assets

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Revenues			
Program Revenues:			
Charges for Services	3,058,184	2,291,346	1,783,162
Operating Grants &			
Contributions	1,031,452	719,361	503,524
Capital Grants and			
Contributions	0	722,341	0
General Revenues:			
State Revenues	2,758,480	2,751,073	2,980,636
Local Revenues	<u>63,733</u>	<u>77,752</u>	<u>130,394</u>
TOTAL REVENUES	<u>6,911,849</u>	<u>6,561,873</u>	<u>5,397,716</u>
Program Expenses			
Instruction	2,009,715	1,696,030	1,715,510
Instruction-Related Services	27,990	34,152	33,456
Student Services	1,583,220	1,231,265	1,067,207
General Administration	845,090	710,627	618,857
Plant Services	785,644	1,344,543	940,570
Enterprise Activities	642,688	514,473	391,720
Noncapital Appropriations	49,470	109,500	115,000
Depreciation	<u>506,828</u>	<u>448,048</u>	<u>404,095</u>
TOTAL EXPENSES	<u>6,450,645</u>	<u>6,088,638</u>	<u>5,286,415</u>
INCREASE IN NET ASSETS	<u><u>461,204</u></u>	<u><u>473,235</u></u>	<u><u>111,301</u></u>

There are currently no other known facts, decisions or conditions that will have a significant effect on the financial position (net assets) or results of operations (revenues, expenses, and changes in net assets).

FINANCIAL HIGHLIGHTS

As the College completed the year, its operating fund reported a net asset balance of \$8,117,059, which was an increase from last year's ending fund balance of \$306,874. Tuition and state appropriations are the primary source of funding for the College's academic programs. During the FY'11 there was a slight increase in state appropriations and the college increased tuition by 4% to support increasing budget expenditures.

NORTHWEST KANSAS TECHNICAL COLLEGE
Management's Discussion and Analysis (MD&A)

June 30, 2011

Operating Fund Budgetary Highlights

Over the course of the year, the College revises its annual budget to reflect unexpected changes in revenues and expenditures. A schedule of the College's original and final budget amounts compared with actual revenues and expenses is provided in the supplemental section of the audited financial report.

CAPITAL ASSETS

At June 30, 2011, the College had an investment net of depreciation of \$6,950,042 in a broad range of capital assets, including land, buildings and improvements, equipment and vehicles. See Table 4. More detailed information about the College's capital assets is presented in the notes to the financial statements.

Table 4 -- Capital Assets

	2011	2010	2009
Land Improvements	\$ 305,227	\$ 273,239	\$ 273,239
Buildings and Improvements	9,155,213	8,880,684	8,287,236
Furniture and Equipment	3,322,277	2,996,592	2,834,625
Totals at Historical Cost	12,782,717	12,150,515	11,395,100
Total Accumulated Depreciation	5,832,675	5,347,339	5,100,894
NET CAPITAL ASSETS	\$ 6,950,042	\$ 6,803,176	\$ 6,294,206

The College's board approved a revision to the Capital Assets Policy at its November 2011 regular board meeting. For FY'12 and future years, the definition of a capital asset will be an asset with an initial unit cost of \$2,500 or more instead of the previous cost of \$500. The fiscal year 2012 budget projects spending of \$150,000 for capital projects, which includes the completion of the laundry facility for the student housing complex.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the time these financial statements were prepared and audited, the College was aware of several circumstances that could affect its future financial health:

- Enrollment growth continues to be identified as the number one goal/priority for the college. Enrollment increased 32% from fall 2009 to fall 2010 and 23% from fall 2010 to fall 2011. Continued growth and quality are of upmost importance to the college. During the 2011 legislative session, the Kansas Technical Education Authority and Kansas Board of Regents proposed tiered cost model was approved as the new funding method for two-year colleges. A three-year flat funding proposal was approved with re-centering of funding through the new formula to happen FY'14. The new formula is enrollment based, so the college is diligently working to build the enrollment.

One of the college's strategies to increase enrollment was the implementation of collegiate athletics. This initiative has served to help with enrollment and to create an enhanced student life experience for students. The 2010-11 academic year was the first year for athletics, the board approved additional opportunities for fall 2011 and recently approved additional athletic programs to begin in the fall 2012. the college is hopeful the expansion of these programs will build the enrollment at the college, but is cognizant of the increased expenditures required to fund these programs and will evaluate these closely each year.

NORTHWEST KANSAS TECHNICAL COLLEGE
Management's Discussion and Analysis (MD&A)

June 30, 2011

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES - continued

- The college continues to have a very acceptable per credit hour tuition rate and this revenue is one of the primary resources for operations. This past year the college increased tuition 4% to support increasing expenditures. As planning for FY'12 budget needs is underway, the college will likely be proposing another tuition increase. This revenue continues to be a source to help balance the budget.
- Through the efforts of the Kansas 2008 legislature, 60% tax credits were made available to technical colleges for deferred maintenance and equipment. This program extends through the 2011 calendar year.
- The college believes seeking federal, state, and local grants will prove essential to its future funding needs for expansion of current programs and to start new programs; therefore, the college has personnel assigned to dedicate time to pursuing federal, state and local grant opportunities.

The college remains financially healthy by careful utilization of funds and close management of all financial accounts. The college has minimal indebtedness.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, Kansas Board of Regents, taxpayers, parents, participants, investors and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. For further information please contact Dr. Guy E. Mills, President, P.O. Box 668, Goodland, Kansas.

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Statement of Net Assets

June 30, 2011

	<u>Educational Services</u>	<u>Endowment Association</u>
ASSETS		
CURRENT ASSETS		
Cash and demand deposits	\$ 601,902	\$ 308,903
Time deposits	5,587,182	900,000
Cash in agency funds	6,206	0
Accounts receivable, net	143,989	0
Inventories	207,116	0
Total current assets	<u>6,546,395</u>	<u>1,208,903</u>
NONCURRENT ASSETS		
Capital assets, net	6,950,042	11,656
Construction in Progress	<u>51,877</u>	<u>0</u>
Total noncurrent assets	<u>7,001,919</u>	<u>11,656</u>
Total assets	<u>\$ 13,548,314</u>	<u>\$ 1,220,559</u>
LIABILITIES		
CURRENT LIABILITIES		
Deposits	\$ 23,400	\$ 0
Accounts payable and accrued liabilities	50,567	2,754
Due to agencies	6,206	0
Due to club accounts	21,147	0
KBOR Infrastructure Loan	54,568	0
Capital Lease	42,869	0
Deferred revenue	<u>28,030</u>	<u>0</u>
Total current liabilities	<u>\$ 226,787</u>	<u>\$ 2,754</u>
LONG-TERM LIABILITIES		
KBOR Infrastructure Loan	\$ 229,538	\$ 0
Capital Lease	<u>46,102</u>	<u>0</u>
Total long term liabilities	<u>\$ 275,640</u>	<u>\$ 0</u>
NET ASSETS		
Invested in capital assets	\$ 6,628,842	\$ 11,656
Restricted for		
Nonexpendable		
Scholarships and fellowships	0	196,877
Expendable		
Scholarships and fellowships	0	139,754
Unrestricted	<u>6,417,045</u>	<u>869,518</u>
Total net assets	<u>\$ 13,045,887</u>	<u>\$ 1,217,805</u>

The accompanying notes are an integral part of this statement.

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2011

	<u>Educational Services</u>	<u>Endowment Association</u>
REVENUES		
Operating Revenues		
Student tuition and fees	\$ 1,347,513	\$ 0
Sales and services of educational departments	728,703	0
Residential life	401,408	0
Student Center	580,560	0
Gifts and contributions	0	216,806
Fund raising events	0	52,671
	<hr/>	<hr/>
Total operating revenues	3,058,184	269,477
	<hr/>	<hr/>
EXPENSES		
Operating Expenses		
Administration	845,090	154,659
Instruction	2,009,715	0
Academic support	27,990	0
Operation of plant	785,644	0
Financial aid	0	269,974
Cost of sales and services of educational departments	565,589	0
Student activities	1,583,220	0
Depreciation	506,828	0
	<hr/>	<hr/>
Total operating expenses	6,324,076	424,633
	<hr/>	<hr/>
Operating income (loss)	(3,265,892)	(155,156)
	<hr/>	<hr/>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	2,758,480	0
Federal grants	455,569	0
State and local grants and contributions	575,883	0
Transfers to Endowment	(49,470)	49,470
Investment income	63,733	15,208
(Loss) on asset dispositions	(77,099)	0
	<hr/>	<hr/>
Net nonoperating revenues	3,727,096	64,678
	<hr/>	<hr/>
Increase in net assets	461,204	(90,478)
	<hr/>	<hr/>
NET ASSETS		
Net assets - beginning of year	12,584,683	1,308,283
	<hr/>	<hr/>
Net assets - end of year	\$ 13,045,887	\$ 1,217,805
	<hr/>	<hr/>

The accompanying notes are an integral part of this statement.

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Statement of Cash Flows For the Year Ended June 30, 2011

	<u>Educational Services</u>	<u>Endowment Association</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 1,332,972	\$ 0
Residential life	401,408	0
Sales and services of educational departments	622,006	0
Auxiliary enterprises charges	580,560	0
Other receipts	0	216,806
Fundraising events	0	52,671
Payments to employees	(2,958,531)	(94,408)
Payments to vendors	(2,823,418)	(25,510)
Payments for financial aid	0	(269,974)
	<u>(2,845,003)</u>	<u>(120,415)</u>
Net cash provided (used) by operating activities		
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	2,758,480	0
Federal and State Grants	1,023,436	0
Transfer of Funds	(49,470)	0
Other nonoperating revenues	0	49,470
	<u>3,732,446</u>	<u>49,470</u>
Net cash provided by noncapital financing activities		
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition of capital assets	(793,454)	0
Proceeds from Sale of Capital Assets	18,805	0
KBOR Infrastructure Loan proceeds	21,047	0
KBOR Infrastructure Loan Repayment	(27,081)	0
Capital Lease repayments	0	0
	<u>(780,683)</u>	<u>0</u>
Net cash used by capital financing activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	63,733	15,208
	<u>63,733</u>	<u>15,208</u>
Net cash provided by investing activities		
Net increase (decrease) in cash	170,493	(55,737)
Cash - beginning of the year	6,018,591	1,264,640
Cash - end of year	\$ <u>6,189,084</u>	\$ <u>1,208,903</u>
REFLECTED ON STATEMENT OF NET ASSETS:		
Cash and demand deposits	\$ 601,902	\$ 308,903
Time deposits	5,587,182	900,000
	<u>\$ 6,189,084</u>	<u>\$ 1,208,903</u>

The accompanying notes are an integral part of this statement.

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Statement of Cash Flows

For the Year Ended June 30, 2011

	<u>Educational Services</u>	<u>Endowment Association</u>
Reconciliation of net operating Income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ (3,265,892)	\$ (155,156)
Adjustments to reconcile net income (loss) to net cash:		
Depreciation expense	506,828	0
Change in assets and liabilities:		
Receivables, net	(106,696)	0
Inventories	23,151	0
Other assets	0	31,987
Deferred revenue	(14,540)	0
Accounts payable	<u>12,146</u>	<u>2,754</u>
	<u>\$ (2,845,003)</u>	<u>\$ (120,415)</u>

The accompanying notes are an integral part of this statement.

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Notes to Financial Statements
June 30, 2011

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Northwest Kansas Technical College (College), Goodland, Kansas, a member institution of the Kansas Board of Regents system, provides a range of educational programs to meet the needs of the adult population of northwest Kansas. Included in this range of programs are technical and occupational associate degree, diploma and certificate curricula consistent with the needs of employers in the College's service area. The College also provides various developmental education programs, support services and offering to assist students in meeting their personal and professional educational objectives.

The College was established in 1964 under the Kansas Statutes Annotated 72-4401 *et seq.* A nine member Area Board of Control, which is elected from the twenty-five member advisory board, is the College's ruling body, which establishes the policies and procedures by which the College is governed. Advisory board members are representatives from each unified school district within the geographical area served by the College.

A. Reporting Entity

The area board of control is the basic level of government, which has oversight responsibility and control over all activities related to providing educational services to students. The board receives funding from federal and state government source entities and must comply with the concomitant requirements of these funding source entities. However, the board is not included in any other governmental "reporting entity", as defined by the Governmental Accounting Standards Board pronouncement, since board members are appointed by each respective public school board and have decision making authority, the power to designate management, the ability to significantly influence operations, and have primary accountability for fiscal matters.

The college has implemented Governmental Accounting Standards Board (GASB) Statement Number 39, *Determining Whether Certain Organizations are Component Units*. This pronouncement provides guidance to determine whether certain organizations for which the College is not financially accountable should be reported as component units based on the nature and significance of their relationship with the College.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as its component unit the Northwest Kansas Technical College Endowment Association (the Association).

The Association is a legally separate, tax-exempt component unit of the College. The Association acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The 14-member board of the Association is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Association, the majority of resources, or income thereon, which the association holds and invests, is restricted to the activities of the College by the donors. Because these restricted resources held by the Association can only be used by, or for the benefit of, the College, the Association is considered a component unit of the College. The Association is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Association is a private not-for-profit organization that reports its financial results under Financial Accounting Standards Board (FASB) Statements. Most significant to the Association's operation and reporting model are FASB Statement 116, Accounting for Contributions Received and Contributions Made, and FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are difference from GASB revenue recognition criteria and presentation features. No modifications have been made to the Association's financial information in the College's financial reporting entity for these differences; however significant note disclosures (See Note O) to the Association's financial statements have been incorporated into the College's notes to the financial statements. Financial statements for the Association can be obtained by calling the Association at 785-899-3641.

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Notes to Financial Statements
June 30, 2011

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial statements – and Management's Discussion and Analysis, for State and Local Governments* and Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis of Public Colleges and Universities*, issued in June and November, 1999. The financial statement presentation required by GASB Statements No. 34 and 35 provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows. Accordingly for financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Consequently, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency and intra-fund transactions have been eliminated.

When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources as needed.

Fund types and major funds consist of the following:

Governmental funds

The College has no governmental funds.

Proprietary funds

Financial statements of the reporting entity's programs are organized and reported as an enterprise fund and are accounted for by providing a set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Enterprise funds are used to account for business-like activities provided to students. These activities are financed primarily by tuition and/or state and federal funding and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the College's activities as an enterprise fund.

Non-exchange transactions, in which the College receives value without directly giving equal value in return, includes; federal, state, and local grants; state appropriations, and other contributions. On an accrual basis, revenue from grants, state appropriations, and other contributions is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the College must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

The accounting policies of the College conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities. The College's reports are based on all applicable GASB pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. When applicable, certain prior year amounts have been reclassified to conform to the current year presentation. The following is a summary of the more significant policies.

C. Cash and Cash Equivalents

Cash includes deposits held at local financial institutions plus small amounts maintained for change funds. Cash equivalents include certificates of deposit with maturities of twenty four months or less.

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Notes to Financial Statements
June 30, 2011

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Accounts Receivable

Accounts receivable, primarily student accounts for books, fees and tuition, are considered to be fully collectible. Any account deemed to be uncollectible is charged to expense when such determination is made.

Student accounts receivable are recorded in the student revolving fund but the underlying revenue may be attributable to the operating, student center or housing funds. Inter fund receivable and payable balances result from the time lag between the dates the transactions are recorded in the accounting system and payments between funds are made.

E. Inventories and Prepaid Items

Inventories consist primarily of items held for resale by the bookstore, cafeteria food and the carpentry department house in progress. Cost is determined by the retail cost method for the bookstore and first-in/first-out cost method for the cafeteria. The carpentry department house in progress is stated at accumulated cost. The bookstore and cafeteria costs are recorded as expenses as the inventory is consumed. The carpentry house cost is recorded as expense when the house is sold. Certain payments to vendors reflect costs applicable to future periods. Such payments, in the accompanying financial statements, are recorded as prepaid items and reflected as other assets.

F. Deferred Revenues and Deposits

Deferred revenues include: (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year; and (2) amounts received from grant and contract sponsors that have not been earned.

Deposits represent miscellaneous security deposits. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned or when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

G. Net Assets

GASB Statement No. 34 reports equity as "Net Assets" rather than "fund balance". Net assets are classified according to external donor restrictions or availability of assets for satisfaction of College obligations. The College's net assets are classified as follows:

Invested in capital assets – This represents the College's total investment in capital assets, net of accumulated depreciation.

Restricted net assets – expendable – This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first; then unrestricted resources when they are needed. Nonexpendable restricted net assets consist of endowed scholarships and fellowships for which the corpus can not be expended.

Unrestricted net assets – This includes resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any purpose.

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Notes to Financial Statements
June 30, 2011

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. Capital Assets

Capital assets include property, plant equipment, and infrastructure assets, such as parking lots and sidewalks. The College defines capital assets as assets with an initial unit cost of \$500 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays of capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the College are depreciated using the straight-line method over the following useful lives:

Building and Improvements	30-50 years
Land Improvements	15-25 years
Furniture and Equipment	5-20 years
Vehicles	5 years
Computer technology	3 years

I. Classification of Revenues

The College has classified its revenues as either Operating or Non-Operating. Operating revenues include activities that have the characteristics of exchange transactions, such as (a) student tuition and fees, and (b) sales and services of auxiliary enterprises, net of scholarship discounts and allowances. Non-operating revenue includes activities that have the characteristics of non-exchange transactions such as (a) state appropriations (b) most federal, state, and local grants and contracts and federal appropriations, and (c) gifts and contributions.

J. Federal Financial Assistance Programs

The College participates in federally funded Pell Grant, SEOG Grant, Federal Work-Study, and Federal Family Education Loans programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Revised Circular A-133 *Audit of States, Local Governments and Non-Profit Organizations*, and the Compliance Supplement.

K. Financial Aid

Financial aid to students is reported in the basic financial statements under the alternative method as prescribed by the National Association of College and University Business Offices (NACUBO). Certain aid, such as loans and funds provided to students as awarded by third parties, is accounted for as a third party payment (credited to the student's account as if the student made the payment).

L. Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses during the reporting period. Actual amounts may differ from those estimates.

M. Compensated Absences

It is the College's policy to permit employees to accumulate earned but unused vacation and sick pay. Classified employees forfeit any unused vacation at year-end or when employees separate from service. Unused sick pay may be accumulated to a maximum of 55 days. Unused sick pay is forfeited when employees separate from service. Certified employees forfeit any unused vacation pay at year-end or when employees separate from service but are

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Notes to Financial Statements
June 30, 2011

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Compensated Absences (continued)

allowed to accumulate a maximum of fifty-five days sick leave. There is no liability for unpaid accumulated sick leave since the College does not have a policy to pay any amounts when employees separate from services. The estimated amount of accumulated but unused sick pay for classified and certified employees totaled \$244,425 at June 30, 2011.

N. Budget

In accordance with Kansas statutes, the College has prepared an annual operating budget for submission to the Kansas Board of Regents. The budget establishes the amount of post secondary aid to be received. The budget sets the level for expenditures at the fund level. As the amount of post secondary aid is established by formula, the budget is advisory only and is not legally binding. The operating budget is prepared on the cash basis of accounting. The Board of Regents did not require a budget to be submitted this fiscal year.

O. Component Unit

The Association maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. Accordingly, net assets and changes therein are classified as follows:

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that the Association permanently maintains the assets. Generally, the donors of these assets permit the Association to use all or part of the income earned on related investments for general or specific purposes.

Temporary Restricted Net Assets – Net assets subject to donor-imposed stipulations that will be met by actions of the Association and/or passage of time.

Unrestricted Undesignated Net Assets – Net assets not subject to donor-imposed restrictions.

Unrestricted Designated Net Assets – Net assets not subject to donor-imposed restrictions but subject to Association Board imposed stipulations.

Revenues are reported as increases in unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in kind gifts from outside sources are not recorded in the Association's financial records, but are accounted for and acknowledged separately.

Expenses are reported as decreases in unrestricted undesignated or unrestricted designated net assets as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted undesignated or unrestricted designated net assets unless their use is restricted by explicit donor stipulation or by law.

2. DEPOSITS AND INVESTMENTS

Kansas' statutes authorize the College to invest in time deposits, open accounts, U.S. government securities, repurchase agreements, temporary notes, no-fund warrants, the State Municipal Investment Pool and certificates of deposit with maturities of not more than two years. The College or its agent in the College's name must hold all investments. The College has no investment policy that would further limit its investment choices.

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Notes to Financial Statements
June 30, 2011

2. DEPOSITS AND INVESTMENTS (continued)

Cash balances from all funds are combined and invested, to the extent possible, in certificates of deposit and interest bearing accounts. Earnings from these investments, unless specifically designated, are allocated proportionately to the funds. All investments are stated at cost.

Deposits – The carrying amount of the College's deposits at June 30, 2011 was \$6,195,290, which includes amounts maintained for cashier's change funds and petty cash totaling \$600. Actual bank statement balances at June 30, 2011 was \$6,641,494. The difference between carrying amounts and bank balances represents primarily checks that have not cleared the bank and deposits in transit. Of the bank balance, \$1,918,850 was covered by federal deposit insurance and \$4,722,644 was collateralized by pledged securities held under joint custody receipts issued by two third-party banks in the College's name. The third-party banks are independent of the pledging bank.

Deposits – The carrying amount of the Endowment association's deposits at June 30, 2010 was \$1,264,640. Actual bank statement balances at June 30, 2010 was \$1,276,950. The difference between carrying amounts and bank balances represents primarily checks that have not cleared the bank and deposits in transit. Of the bank balance, \$900,000 was covered by federal deposit insurance and \$376,950 was collateralized by pledged securities held under joint custody receipts issued by two third-party banks in the College's name. The third-party banks are independent of the pledging bank.

3. PENSION PLANS

Kansas Public Employees Retirement System

Plan Description – The College participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS' provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas' law establishes and amends benefit provisions. KPERS' issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

Funding Policy – K.S.A. 74-4919 established the KPERS member-employee contribution rate at 4% - 6% of covered salary. Member-employees' contributions are withheld by the college and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 7.97% of covered payroll. These contribution requirements are established by KPERS and periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ended June 30, 2011, 2010 and 2009 was \$253,834,044, \$248,468,186 and \$242,277,363 respectively equal to the required contributions for each year. For year ended June 30, 2011 \$64,969,692 out of the \$253,834,044 was paid in July 2011.

4. RELATED PARTY TRANSACTIONS

The College transferred \$49,470 to the Association as of June 30, 2011.

College personnel perform the Association's administrative activities on College premises. The value of these activities and the use of the College premises to perform these activities have not been determined. The Association had the following transactions with the College during the year ended June 30, 2011: 1) paid the College \$2,916 for fund raising expenses paid by the College, 2) paid the College \$312 for meal expenses at the annual fall conference, 3) paid the College \$105 for meals the College paid for an Endowment meeting, 4) reimbursed the College \$517 for a scanner the College purchased for the Endowment. The Endowment also transferred property valued at \$31,987 to the College.

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Notes to Financial Statements
June 30, 2011

5. CAPITAL ASSETS

The following table summarized the changes in capital assets for fiscal year 2011.

College	Balance June 30, 2010	Additions	Deletions	Balance June 30, 2011
Capital Assets				
Land	\$ 183,508	\$ 31,988	\$ 0	\$ 215,496
Building	4,735,855	52,000	0	4,787,855
Building remodel	1,442,000	0	0	1,442,000
Campus	644,478	0	0	644,478
Equipment	2,355,476	293,220	1,510	2,647,186
Furniture	71,468	20,147	0	91,615
Parking	37,743	0	0	37,743
SC Building	113,837	0	0	113,837
SC Building Remodel	723,940	0	0	723,940
SC Equipment	80,196	10,927	0	91,123
SC Furniture	2,239	0	0	2,239
Vehicles	395,618	78,620	80,398	393,840
VV Buildings	637,177	250,000	27,471	859,706
VV Equipment	81,595	4,679	0	86,274
VV Furniture	10,000	0	0	10,000
VV Parking	51,988	0	0	51,988
VV2 Building	583,397	0	0	583,397
Total costs	12,150,515	741,581	109,379	12,782,717
Less Accumulated Depreciation				
Land	0	0	0	0
Building	1,637,504	95,134	0	1,732,638
Building remodel	382,887	58,270	0	441,157
Campus	567,061	1,165	0	568,226
Equipment	1,551,186	234,034	1,007	1,784,213
Furniture	15,962	7,576	0	23,538
Parking	8,303	3,574	0	11,877
SC Building	77,865	2,049	0	79,914
SC Building Remodel	235,414	28,104	0	263,518
SC Equipment	59,863	6,106	0	65,969
SC Furniture	1,612	202	0	1,814
Vehicles	231,949	25,293	20,302	236,940
VV Buildings	277,236	25,929	89	303,076
VV Equipment	70,357	5,196	0	75,553
VV Furniture	10,000	0	0	10,000
VV Parking	43,176	979	0	44,155
VV2 Building	176,964	13,123	0	190,087
Total accumulated depreciation	5,347,339	506,734	21,398	5,832,675
Net Capital Assets	\$ 6,803,176	\$ 234,847	\$ 87,981	\$ 6,950,042
Endowment Association				
Farm land - beneficial interest	\$ 11,656	\$ 0	\$ 0	\$ 11,656
Land	\$ 31,987	\$ 0	\$ 31,987	\$ 0

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Notes to Financial Statements
June 30, 2011

6. SUPPLEMENT PLAN

Early Retirement Supplement Plan

Plan Description – The College maintains a single-employer, defined benefit early retirement supplement plan (ERSP) for qualifying faculty. The Board has authority to set benefit provisions, funding policy for the plan and terminate the plan at any time. Should the plan be terminated, a grandfather provision exists for employees currently receiving benefits.

Certified personnel retiring or leaving in good standing from the College at age sixty, who qualify for KPERS without a reduction in benefits, will be awarded a one-time retirement supplement ranging from \$500 to \$2,000 based on years of service. In addition full-time certified personnel retiring after twenty years of service, who qualify for KPERS without a reduction in benefits, will be awarded benefits equal to ten percent of the employee's last annual contracted salary per full year until the employee reaches age sixty-five or is eligible for Medicare insurance.

Funding Policy – Benefits from this program are fully paid by the College and are funded on a pay as you go basis. Under this method, payments for benefits are recognized as expense when paid. The number of retirees currently receiving benefits is four and the number of active employees who are eligible to receive these benefits was eight at June 30, 2011. The expense for supplemental retirement benefits for the year ended June 30, 2011 was \$30,689.

Projected benefits for the next five years are as follows:

Year ended:	One-time Supplement	Retirement Supplement	Total
June 30, 2012	\$ 0	\$ 26,802	\$ 26,802
June 30, 2013	2,000	37,116	39,116
June 30, 2014	0	33,332	33,332
June 30, 2015	0	23,166	23,166
June 30, 2016	0	10,847	10,847
	<u>\$ 2,000</u>	<u>\$ 131,263</u>	<u>\$ 133,263</u>

7. POST EMPLOYMENT BENEFITS

As provided by Kansas statutes the College allows retired employees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retiree because each participant is charged a level of premium regardless of age. However the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA) the College makes health care benefits available to eligible former employees and their dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid entirely by the insured. There is no cost to the College under this program.

8. CONTINGENCIES AND COMMITMENTS

The College is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of College management, there are no material claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the College's financial position at June 30, 2010.

Federal Financial Aid – Amounts received or receivable from grantor agencies are subject to audit and adjustment by these agencies, primarily the federal government. Any disallowed costs, including amounts already collected, may constitute a liability of the College. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although College management expects such amounts, if any, to be immaterial.

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Notes to Financial Statements
June 30, 2011

8. CONTINGENCIES AND COMMITMENTS (continued)

State Funding – Approximately 41% of the College's resources come from the State of Kansas. Due to continued funding uncertainties at the State level, future funding for the College may be reduced. The ultimate effect of this possible reduction in funding on the College's future operations is not yet determinable.

Accreditation – The Kansas Board of Regents requires that all technical colleges must have attained North Central Accreditation (NCA) by 2010. To attain this accreditation, the College developed plans to accomplish the performance goals. A consultant was hired, at \$13,580 per year for five years beginning in 2004, to advise the College on the NCA accreditation process. In February 2009, the College was notified that it had met the criteria for accreditation.

9. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Insurance claims have not exceeded commercial insurance coverage for the past three years. There were not significant reductions in insurance coverage from coverage in prior years.

10. INTERFUND TRANSFERS

Interfund transfers are used to move revenues from the fund that collects receipts to the fund that spends them. In the year ended June 30, 2011, the College made the following transfers between funds.

Transfer From:	Operating	Student Revolving	Total
Student Revolving	\$ 1,919	\$ 0	\$ 1,919
Student Center	10,853	0	10,853
	<u>\$ 12,772</u>	<u>\$ 0</u>	<u>\$ 12,772</u>

11. ENDOWMENT ASSOCIATION CONTRIBUTION

In 2005, the College approved contributing up to \$100,000 per year from the housing fund to the Endowment Association for student scholarships. Seventy percent of the contribution will be added to permanently restricted net assets until Endowment Association net assets total \$1,000,000. The remaining contribution may be used for current scholarships or added to unrestricted net assets. During the year ended June 30, 2011 the College contributed \$49,470 to the Endowment Association.

12. KBOR INFRASTRUCTURE LOAN PAYABLE

The College executed a loan agreement with the Kansas Board of Regents acting on behalf of the State of Kansas for the financing of infrastructure improvement project costs. The loan, not to exceed \$338,280, which bears no interest, but carried a .25% management fee, is to be retired in annual installments of one eighth of the total loan amounts on or before December 1 of each year. No lien or other security interest is granted to the Kansas Board of Regents or the State of Kansas but the college is obligated to budget sufficient funds to make payments pursuant to this loan agreement. A summary of loan payable activity follows:

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Notes to Financial Statements
June 30, 2011

12. KBOR INFRASTRUCTURE LOAN PAYABLE (continued)

	Beginning	Additions	Payments	Ending
KBOR Loan	\$ <u>322,044</u>	\$ <u>17,479</u>	\$ <u>55,417</u>	\$ <u>284,106</u>

Maturities of the loan amounts are:

2012	\$ 54,568
2013	54,568
2014	54,568
2015	54,568
2016	54,567
2017	<u>11,267</u>
	\$ <u>284,106</u>

13. CAPITAL LEASE

The College has entered into a lease agreement as lessee for financing the acquisition of various pieces of computer equipment. This lease agreement qualifies as a capital lease for accounting purposes (titles transfer at the end of the lease terms) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception. Under this lease, the College purchased computers at a cost of \$105,399 with accumulated depreciation of \$37,475

Future obligations on the capital lease are as follows:

	Principal	Interest
2012	\$ 42,869	\$ 6,603
2013	<u>46,102</u>	<u>3,420</u>
	\$ <u>88,971</u>	\$ <u>10,023</u>

14. SUBSEQUENT EVENTS

The entity evaluated subsequent events through November 9, 2011, the date the financial statement were available to be issued. No subsequent events were identified.

SUPPLEMENTAL INFORMATION

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Combining Statement for Major Funds
Statement of Net Assets
June 30, 2011

	<u>Operating</u>	<u>Student Revolving</u>	<u>Student Center</u>	<u>Non Major</u>	<u>Total</u>
ASSETS					
CURRENT ASSETS					
Cash and demand deposits	\$ 67,674	\$ 524,407	\$ 7,444	\$ 2,377	\$ 601,902
Time deposits	2,974,227	751,193	776,030	1,085,732	5,587,182
Cash in agency funds	6,206	0	0	0	6,206
Accounts receivable, net	0	143,989	0	0	143,989
Inventories	0	9,555	197,561	0	207,116
Total current assets	<u>3,048,107</u>	<u>1,429,144</u>	<u>981,035</u>	<u>1,088,109</u>	<u>6,546,395</u>
NONCURRENT ASSETS					
Capital assets, net	5,461,623	0	519,925	968,494	6,950,042
Construction In Progress	0	0	0	51,877	51,877
Total noncurrent assets	<u>5,461,623</u>	<u>0</u>	<u>519,925</u>	<u>1,020,371</u>	<u>7,001,919</u>
Total assets	<u>\$ 8,509,730</u>	<u>\$ 1,429,144</u>	<u>\$ 1,500,960</u>	<u>\$ 2,108,480</u>	<u>\$ 13,548,314</u>
LIABILITIES					
CURRENT LIABILITIES					
Deposits	\$ 0	\$ 0	\$ 0	\$ 23,400	\$ 23,400
Accounts payable					
and accrued liabilities	13,388	4,638	30,834	1,707	50,567
Due to agency funds	6,206	0	0	0	6,206
Due to club accounts	0	21,147	0	0	21,147
KBOR Infrastructure Loan	54,568	0	0	0	54,568
Capital Lease	42,869	0	0	0	42,869
Deferred revenue	0	28,030	0	0	28,030
Total current liabilities	<u>\$ 117,031</u>	<u>\$ 53,815</u>	<u>\$ 30,834</u>	<u>\$ 25,107</u>	<u>\$ 226,787</u>
LONG-TERM LIABILITIES					
KBOR Infrastructure Loan	\$ 229,538	0	0	0	229,538
Capital Lease	46,102	0	0	0	46,102
Total long term liabilities	<u>\$ 275,640</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 275,640</u>
NET ASSETS					
Invested in capital assets	5,088,546	0	519,925	1,020,371	6,628,842
Unrestricted	3,028,513	1,375,329	950,201	1,063,002	6,417,045
Total net assets	<u>\$ 8,117,059</u>	<u>\$ 1,375,329</u>	<u>\$ 1,470,126</u>	<u>\$ 2,083,373</u>	<u>\$ 13,045,887</u>

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Combining Statement for Major Funds Statement of Revenues, Expenses, and Changes in Net Assets For the Year Ended June 30, 2011

	<u>Operating</u>	<u>Student Revolving</u>	<u>Student Center</u>	<u>Non Major Funds</u>	<u>Total</u>
REVENUES					
Operating Revenues					
Student tuition and fees	\$ 1,222,890	\$ 113,095	\$ 11,528	\$ 0	\$ 1,347,513
Sales and services					
of educational departments	856	727,847	0	0	728,703
Residential life	0	0	233,282	168,126	401,408
Bookstore	0	0	580,560	0	580,560
Other operating revenues	0	0	0	0	0
Total operating revenues	<u>1,223,746</u>	<u>840,942</u>	<u>825,370</u>	<u>168,126</u>	<u>3,058,184</u>
EXPENSES					
Operating Expenses					
Administration	845,090	0	0	0	845,090
Instruction	2,009,715	0	0	0	2,009,715
Academic support	27,990	0	0	0	27,990
Operation of plant	515,222	15,719	115,186	139,517	785,644
Cost of sales and services					
of educational departments	0	565,589	0	0	565,589
Student activities	609,312	209,411	764,497	0	1,583,220
Depreciation	425,045	0	36,461	45,322	506,828
Total operating expenses	<u>4,432,374</u>	<u>790,719</u>	<u>916,144</u>	<u>184,839</u>	<u>6,324,076</u>
Operating income (loss)	<u>(3,208,628)</u>	<u>50,223</u>	<u>(90,774)</u>	<u>(16,713)</u>	<u>(3,265,892)</u>
NONOPERATING REVENUES (EXPENSES)					
State appropriations	2,758,480	0	0	0	2,758,480
Federal grants	455,569	0	0	0	455,569
State and local grants	310,388	15,495	0	250,000	575,883
Transfer of Funds	12,772	(1,919)	(10,853)	0	0
Transfer to endowment	0	(10,458)	(18,860)	(20,152)	(49,470)
Investment income	28,105	7,687	13,695	14,246	63,733
(Loss) on asset dispositions	(49,812)	0	0	(27,287)	(77,099)
Net nonoperating revenues	<u>3,515,502</u>	<u>10,805</u>	<u>(16,018)</u>	<u>216,807</u>	<u>3,727,096</u>
Increase (decrease) in net assets	306,874	61,028	(106,792)	200,094	461,204
NET ASSETS					
Net assets - beginning of year	<u>7,810,185</u>	<u>1,314,301</u>	<u>1,576,918</u>	<u>1,883,279</u>	<u>12,584,683</u>
Net assets - end of year	<u>\$ 8,117,059</u>	<u>\$ 1,375,329</u>	<u>\$ 1,470,126</u>	<u>\$ 2,083,373</u>	<u>\$ 13,045,887</u>

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Combining Statement for Major Funds

Statement of Cash Flows

For the Year Ended June 30, 2011

	Operating	Student Revolving	Student Center	Non Major Funds	Total
CASH FLOWS FROM OPERATING ACTIVITIES					
Tuition and fees	\$ 1,222,890	\$ 98,554	\$ 11,528	\$ 0	\$ 1,332,972
Residential life	0	0	233,282	168,126	401,408
Sales and services of educational departments	856	621,150	0	0	622,006
Auxiliary enterprises charges	0	0	580,560	0	580,560
Other receipts	0	0	0	0	0
Payments to employees	(2,938,459)	(13,459)		(6,613)	(2,958,531)
Payments to vendors	(1,074,279)	(682,801)	(928,093)	(138,245)	(2,823,418)
	<u>0</u>	<u>0</u>	<u>0</u>		<u>0</u>
Net cash provided (used) by operating activities	<u>(2,788,992)</u>	<u>23,444</u>	<u>(102,723)</u>	<u>23,268</u>	<u>(2,845,003)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
State appropriations	2,758,480	0	0	0	2,758,480
Federal and State grants	757,941	15,495	0	250,000	1,023,436
Transfer of Funds	0	(10,458)	(18,860)	(20,152)	(49,470)
Interfund Transfers	<u>12,772</u>	<u>(1,919)</u>	<u>(10,853)</u>	<u>0</u>	<u>0</u>
Net cash provided (used) by noncapital financing activities	<u>3,529,193</u>	<u>3,118</u>	<u>(29,713)</u>	<u>229,848</u>	<u>3,732,446</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Purchase of capital assets	(475,973)	0	(10,927)	(306,554)	(793,454)
Proceeds from sale of capital assets	18,805	0	0	0	18,805
Capital Lease Proceeds	21,047	0	0	0	21,047
KBOR Infrastructure Loan Repayment	(23,562)	0	(3,519)	0	(27,081)
Capital Lease repayment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net cash (used) by capital financing activities	<u>(459,683)</u>	<u>0</u>	<u>(14,446)</u>	<u>(306,554)</u>	<u>(780,683)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	<u>28,105</u>	<u>7,687</u>	<u>13,695</u>	<u>14,246</u>	<u>63,733</u>
Net cash provided by investing activities	<u>28,105</u>	<u>7,687</u>	<u>13,695</u>	<u>14,246</u>	<u>63,733</u>
Net increase in cash	308,623	34,249	(133,187)	(39,192)	170,493
Cash - beginning of the year	<u>2,733,278</u>	<u>1,241,351</u>	<u>916,661</u>	<u>1,127,301</u>	<u>6,018,591</u>
Cash - end of year	<u>\$ 3,041,901</u>	<u>\$ 1,275,600</u>	<u>\$ 783,474</u>	<u>\$ 1,088,109</u>	<u>\$ 6,189,084</u>
Reconciliation of net operating Income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ (3,208,628)	\$ 50,223	\$ (90,774)	\$ (16,713)	\$ (3,265,892)
Adjustments to reconcile net income (loss) to net cash:					
Depreciation expense	425,045	0	36,461	45,322	506,828
Change in assets and liabilities:					
Receivables, net	0	(106,696)	0	0	(106,696)
Inventories	0	99,868	(76,717)	0	23,151
Deferred revenue	0	(14,540)	0	0	(14,540)
Accounts payable	<u>(5,409)</u>	<u>(5,411)</u>	<u>28,307</u>	<u>(5,341)</u>	<u>12,146</u>
	<u>\$ (2,788,992)</u>	<u>\$ 23,444</u>	<u>\$ (102,723)</u>	<u>\$ 23,268</u>	<u>\$ (2,845,003)</u>

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Combining Statement for Non Major Funds
Statement of Net Assets
June 30, 2011

	<u>Facilities</u>	<u>Housing</u>	<u>Total</u>
ASSETS			
CURRENT ASSETS			
Cash and demand deposits	\$ 239	\$ 2,138	\$ 2,377
Time deposits	<u>566,633</u>	<u>519,099</u>	<u>1,085,732</u>
Total current assets	<u>566,872</u>	<u>521,237</u>	<u>1,088,109</u>
NONCURRENT ASSETS			
Capital assets, net	0	968,494	968,494
Construction In Progress	<u>0</u>	<u>51,877</u>	<u>51,877</u>
Total noncurrent assets	<u>0</u>	<u>1,020,371</u>	<u>1,020,371</u>
Total assets	<u>\$ 566,872</u>	<u>\$ 1,541,608</u>	<u>\$ 2,108,480</u>
LIABILITIES			
CURRENT LIABILITIES			
Deposits	\$ 0	\$ 23,400	\$ 23,400
Accounts payable and accrued liabilities	<u>0</u>	<u>1,707</u>	<u>1,707</u>
Total current liabilities	<u>\$ 0</u>	<u>\$ 25,107</u>	<u>\$ 25,107</u>
NET ASSETS			
Invested in capital assets	0	1,020,371	1,020,371
Unrestricted	<u>\$ 566,872</u>	<u>\$ 496,130</u>	<u>\$ 1,063,002</u>
Total net assets	<u>\$ 566,872</u>	<u>\$ 1,516,501</u>	<u>\$ 2,083,373</u>

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Combining Statement for Non Major Funds
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2011

	<u>Facilities</u>	<u>Housing</u>	<u>Total</u>
REVENUES			
Operating Revenues			
Residential life	\$ 0	\$ 168,126	\$ 168,126
Total operating revenues	<u>0</u>	<u>168,126</u>	<u>168,126</u>
EXPENSES			
Operating Expenses			
Operation of plant	0	139,517	139,517
Depreciation	<u>0</u>	<u>45,322</u>	<u>45,322</u>
Total operating expenses	<u>0</u>	<u>184,839</u>	<u>184,839</u>
Operating income (loss)	<u>0</u>	<u>(16,713)</u>	<u>(16,713)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment income	8,368	5,878	14,246
State and Local Grants	0	250,000	250,000
Transfers to Endowment	(11,198)	(8,954)	(20,152)
(Loss) on asset dispositions	<u>0</u>	<u>(27,287)</u>	<u>(27,287)</u>
Net nonoperating revenues	<u>(2,830)</u>	<u>219,637</u>	<u>216,807</u>
Increase (decrease) in net assets	(2,830)	202,924	200,094
NET ASSETS			
Net assets - beginning of year	<u>569,702</u>	<u>1,313,577</u>	<u>1,883,279</u>
Net assets - end of year	<u>\$ 566,872</u>	<u>\$ 1,516,501</u>	<u>\$ 2,083,373</u>

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Combining Statement for Non Major Funds

Statement of Cash Flows

For the Year Ended June 30, 2011

	<u>Facilities</u>	<u>Housing</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Residential life	\$ 0	\$ 168,126	\$ 168,126
Payments to employees	0	(6,613)	(6,613)
Payments to vendors	<u>0</u>	<u>(138,245)</u>	<u>(138,245)</u>
Net cash provided (used) by operating activities	<u>0</u>	<u>23,268</u>	<u>23,268</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer of Funds	(11,198)	(8,954)	(20,152)
State and Local Grants	<u></u>	<u>250,000</u>	<u>250,000</u>
Net cash provided (used) noncapital financing	<u>(11,198)</u>	<u>241,046</u>	<u>229,848</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchase of Assets	<u>0</u>	<u>(306,554)</u>	<u>(306,554)</u>
Net cash (used) by capital financing activities	<u>0</u>	<u>(306,554)</u>	<u>(306,554)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	<u>8,368</u>	<u>5,878</u>	<u>14,246</u>
Net cash provided by investing activities	<u>8,368</u>	<u>5,878</u>	<u>14,246</u>
Net increase (decrease) in cash	(2,830)	(36,362)	(39,192)
Cash - beginning of the year	<u>569,702</u>	<u>557,599</u>	<u>1,127,301</u>
Cash- end of year	\$ <u>566,872</u>	\$ <u>521,237</u>	\$ <u>1,088,109</u>
Reconciliation of net operating Income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	\$ 0	\$ (16,713)	\$ (16,713)
Adjustments to reconcile net income (loss) to net cash:			
Depreciation expense	0	45,322	45,322
Change in assets and liabilities:			
Receivables, net	0	0	0
Inventories	0	0	0
Deferred revenue	0	0	0
Accounts payable	<u>0</u>	<u>(5,341)</u>	<u>(5,341)</u>
	\$ <u>0</u>	\$ <u>23,268</u>	\$ <u>23,268</u>

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Schedule of Management Information
Schedule of Expenses by Function and Object
For the Year Ended June 30, 2011

	<u>Instruction</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Operations of Plant</u>	<u>General Administration</u>	<u>Total</u>
Salaries	\$ 1,483,627	\$ 21,900	\$ 464,497	\$ 132,324	\$ 316,297	\$ 2,418,645
Benefits	318,860	4,707	99,829	28,439	67,978	519,814
Services	93,670	1,383	29,326	8,354	19,970	152,703
Supplies	65,114	0	0	25,822	0	90,936
Utilities	0	0	0	224,576	0	224,576
Other	48,444	0	15,660	95,707	440,845	600,656
Total	\$ 2,009,715	\$ 27,990	\$ 609,312	\$ 515,222	\$ 845,090	\$ 4,007,329

Presently, this schedule ties with Operation Fund only! Same as last year

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2011

	<u>Federal CFDA Number</u>	<u>Revenues</u>	<u>Expenditures</u>
U.S. Department of Education			
Direct Programs			
Supplemental Educational Opportunity Grant	84.007	\$ 11,925	\$ 11,925
Federal Family Education Loan	84.032	1,314,733	1,314,733
College Work Study	84.033	21,690	21,690
Pell Grant Program	84.063	<u>897,923</u>	<u>897,923</u>
		<u>2,246,271</u>	<u>2,246,271</u>
U.S. Department of Education			
Passed through Kansas Board of Regents			
Carl D. Perkins Vocational Training Program Improvement	84.048	217,689	217,689
ARRA - Stabilization	84394	<u>156,677</u>	<u>110,527</u>
		<u>374,366</u>	<u>328,216</u>
Total Federal Assistance		<u>\$ 2,620,637</u>	<u>\$ 2,574,487</u>

Note 1: The above amounts are based upon the use of generally accepted accounting principles. This is the same basis used to report the financial information of the College.

SPECIAL REPORTS

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Area Board of Control
Northwest Kansas Technical College
Goodland, Kansas

We have audited the financial statements of the business-type activities of Northwest Kansas Technical College as of and for the year ended June 30, 2011, and have issued our report thereon dated November 9, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Northwest Kansas Technical College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northwest Kansas Technical College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we did have other matters we discussed with management in a separate letter dated November 9, 2011.

This report is intended solely for the information and use of the Area Board of Control, management, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Agler & Gaeddert, Chartered

Ottawa, Kansas
November 9, 2011

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB
CIRCULAR A-133**

Area Board of Control
Northwest Kansas Technical College
Goodland, Kansas

Compliance

We have audited the Northwest Kansas Technical College's compliance with the types of compliance requirements described in the OMB Circular A-133 *Compliance Supplement* that could have a direct and material effect on Northwest Kansas Technical College's major federal programs for the year ended June 30, 2011. Northwest Kansas Technical College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Northwest Kansas Technical College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northwest Kansas Technical College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the College's compliance with those requirements.

In our opinion, Northwest Kansas Technical College complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control over Compliance

The management of Northwest Kansas Technical College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Northwest Kansas Technical College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A *deficiency in internal control* over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis.

A *material weakness* in internal control over compliance is a deficiency. In internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Area Board of Control, other within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Agle & Associates, Chartered

Ottawa, Kansas
November 9, 2011

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2011

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting

Material weakness(es) identified? No

Significant deficiencies identified not considered to be material weaknesses: None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiencies identified not considered to be material weaknesses: None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)? No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Amount</u>
84.007	Supplemental Educational Opportunity Grant	\$ 11,925
84.032	Federal Family Education Loans	1,314,733
84.033	College Work Study	21,690
84.063	Federal Pell Grant Program	897,923

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee qualified as a low-risk auditee? No